

CITY COUNCIL REPORT



Meeting Date: **November 13, 2012**
 General Plan Element: ***Economic Vitality***
 General Plan Goal: ***Sustain Scottsdale as a tourist destination***

ACTION

PF Chang Rock & Roll Marathon:

1. Adopt Resolution No. 9242 to add the 2013 PF Chang Rock & Roll Marathon and Half Marathon as an "Additional Event" under the Destination Marketing Services Agreement dated June 19, 2012 (Contract No. 2012-053-COS) with the Scottsdale Convention and Visitors Bureau.

BACKGROUND

Major events are very important to the City of Scottsdale and the Tourism Development Program due to their direct economic impact as well being a tool to promote Scottsdale as a desirable resort destination to our target markets. The Tourism Development Commission has always recognized the importance of event support and has identified the retention and expansion of the City's successful events as a primary goal of the Tourism Development Program.

On November 16, 2010 City Council adopted Resolution No. 8510 adding the 2011 PF Chang Rock & Roll Marathon and Half Marathon and the 2012 PF Chang Rock & Roll Marathon and Half Marathon as "Additional Events" under the Scottsdale CVB (SCVB) Destination Marketing Services Agreement. The third year would be considered in subsequent SCVB destination marketing agreements.

The three-year agreement between the Competitor Group and the SCVB will conclude in January 2013.

Approximately 30,000 registrants took part in the 2012 marathon. The Competitor Group is reporting that they are on pace to exceed that number in 2013. In addition to the benefits of promoting tourism in Scottsdale and creating incremental room nights during what is normally a "shoulder season" period, the benefits of the proposal include:

- The continuation of a mutually beneficial multi-year event sponsorship and destination marketing and promotional agreement.
- Preserving and perpetuating the economic benefit to Scottsdale as well as increasing resident activity options.

The annual marathon event, which first took place in January 2004, continues to be a co-sponsored event with the City of Scottsdale, Scottsdale Convention and Visitors Bureau, Arizona Office of Tourism, and the Cities of Tempe and Phoenix.

Approximately five and half miles of the marathon and half marathon are routed through Scottsdale with a portion of the route in Downtown Scottsdale. The start and majority of the full marathon route runs mainly through Phoenix. Tempe is the site of half marathon start with the final portion of the routes, finish line, and post-race concert in Tempe. The 2013 event includes a 28 mile bike tour.

Beginning in January 2009, the City of Tempe and the Tempe Tourism Office have committed to a one-year agreement, with a four year contract extension provision totaling \$750,000 plus in-kind services. In 2010, the City of Phoenix signed a four year agreement providing in-kind services for approximately 25 miles of the full marathon and half-marathon. The Phoenix Convention Center and Phoenix Convention & Visitors Bureau will collectively contribute \$50,000 toward the Phoenix Convention Center rental fee and \$50,000 in direct cash.

ANALYSIS & ASSESSMENT

The following are results from the 2011 economic impact analysis conducted by San Diego State University, Sports MBA program.

- 28,695 runners participated in the 2011 event
- Nearly 9,000 runners came from outside Arizona to participate in the race.
- The total economic impact of the race was estimated to be \$58,967,024
- Scottsdale's economic impact is estimated to be \$12,383,075 due to the event in 2011 (compared to \$22,997,140 for Phoenix, \$20,048,788 for Tempe, and \$3,538,021 for other cities)
- Scottsdale was estimated to receive \$140,318 in city sales tax collections due to the event in 2011 (compared to \$445,228 for Phoenix, \$227,181 for Tempe, and \$40,091 for other cities)
- Report data show event participants generated approximately 5,794 room nights with an average daily room rate of \$168.39

The following is the Scottsdale's January lodging performance for the period of 2006-2012. The data indicates recent downward trending associated with economic uncertainties in 2009 and 2010 as well as local market area conditions. Reviewing the data over the reporting period indicates the potential incremental benefit generated by this event during the "shoulder" season in early January.

Scottsdale Lodging Performance Measures in January 2006-2012

<i>January</i>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Bed Tax Collections	\$966,366	\$1,145,222	\$1,065,634	\$838,870	\$746,527	\$1,439,693	\$1,373,586
ADR	\$189.89	\$214.18	\$221.56	\$183.24	\$156.80	\$168.39	\$171.50
Occupancy	75.3%	76.3%	66.6%	59.9%	65.8%	67.7%	65.9%
RevPAR	\$143.06	\$163.53	\$147.62	\$109.74	\$102.72	113.97	\$113.10

Source: City of Scottsdale Bed Tax Report and Smith Travel Research

Proposed Agreement Summary

The following are host and promotional benefits outlined in the agreement between the Competitor Group and the SCVB. As a result, the SCVB and the City (through the SCVB) will receive host City and promotional benefits. Host and promotional benefits are summarized as follows:

- Feature Scottsdale CVB's name in all event advertising and promotional materials, including race brochures, t-shirts, posters and all other collateral materials.
- Guarantee that a Scottsdale CVB toll-free visitor number or website will be displayed on any broadband broadcast of the event and any national television broadcast, which is secured in support of the event.
- Send a dedicated Scottsdale CVB branded email by Nov. 10 to out-of-state registered runners on the Scottsdale CVB's behalf.
- Coordinate with the Scottsdale CVB to conduct an informational meeting each December prior to the event with official event resorts in Scottsdale and Paradise Valley.
- Prominently feature Scottsdale CVB hotels that participate in the event room block on the travel page of the event website.
- Grant to the Scottsdale CVB a complimentary 10' x 10' booth space at the official race expo held prior to each event.
- Allow the Scottsdale CVB to insert promotional items or literature in the goodie bags that are distributed to all event participants and volunteers.
- Prominently identify Scottsdale CVB as a host sponsor on the event website, including a link to the CVB's website.
- Cause event announcers to verbally mention Scottsdale CVB a minimum of five times during event announcements.
- Prominently feature Scottsdale CVB in event press releases and public service announcements distributed for the event.

- Provide Scottsdale CVB with corporate entertainment and hospitality opportunities at the event, including: eight entries into the Marathon or ½ Marathon; four individual invitations to the VIP Welcome Reception; six individual invitations to the VIP/Elite Athlete Dinner; and six VIP credentials for start/finish hospitality.
- Work closely with the Scottsdale CVB to create additional promotional opportunities for the event, including a focus on spa and wellness activities in Scottsdale.
- Stage a minimum of three miles of the marathon route in Scottsdale at a location approved in advance by the City of Scottsdale.

In the event that the race is not held in Maricopa County, or that Competitor Group sells the event to another entity, the agreement between the CVB and Elite Racing would become null and void.

Community Involvement

In previous Marathons the route through Scottsdale was publicized and maps to alert residents and motorists of delays and detours were publicized in numerous new stories. In addition Competitor Group sent direct mail pieces to all addresses within a quarter mile of the route, and contact information regarding street closures was included. An interdepartmental staff team works closely with the Competitor Group to further strengthen the notification process.

RESOURCE IMPACTS

Available funding

On May 8, 2012, City Council approved Resolution No. 4019 establishing an allocation of bed tax funds for events and event development. Per the City Council decision, \$1.2 million of City bed-tax funds are allocated toward events and event development.

On October 19, 2010 the Tourism Development Commission unanimously recommended that the City Council support a three year agreement between the Competitor Group and the SCVB.

Prior year's funding came entirely from bed tax funds subject to annual approval through the City's budget process. The total approximate City investment for each of the three years of the agreement is shown in the following table. This list includes funding for the Destination Marketing Agreement as well as estimates for the in-kind expenses (police, barricade rentals, clean up, water, etc.) incurred by the City of Scottsdale.

Year	Promotional Agreement	In-Kind	Total
Year 1 (FY10/11)	\$90,000	\$35,000	\$125,000
Year 2 (FY11/12)	\$90,000	\$35,000	\$125,000
Year 3 (FY12/13)	\$90,000	\$35,000	\$125,000
TOTAL	\$270,000	\$105,00	\$375,000

The combination of City funding and in-kind services represents the City's participation in a partnership with the SCVB to ensure that Scottsdale benefits from the P.F. Chang Rock 'n Roll Marathon.

Currently \$125,000 is available in the City's tourism program budget. Based on FY2012/13 bed tax projections, funds are available.

Staffing, Workload Impact

The Marathon will continue to receive the police special event support, traffic barricades and route clean-up services that were provided by the City at previous events.

OPTIONS & STAFF RECOMMENDATION

1. Adopt Resolution No. 9242 to add the 2013 PF Chang Rock & Roll Marathon and Half Marathon as an "Additional Event" under the Destination Marketing Services Agreement dated June 19, 2012 (Contract No. 2012-053-COS) with the Scottsdale Convention and Visitors Bureau.
2. Do not adopt Resolution No. 9242.

RESPONSIBLE DEPARTMENT(S)

Economic Development

STAFF CONTACTS (S)

Steve Geiogamah, Tourism Development Coordinator Economic Vitality Department,
sgeiogamah@scottsdaleaz.gov

APPROVED BY



Paul T. Katsenes, Executive Director

10-23-12

Date

Community & Economic Development
480-312-2890, Pkatsenes@scottsdaleaz.gov



Dan Worth, Acting City Manager
480-312-5555, Dworth@scottsdaleaz.gov

10/23/12

Date

ATTACHMENTS

1. Resolution No. 9242-Exhibit A
2. October 19, 2010 Tourism Development Commission Meeting Minutes
3. Scottsdale Convention and Visitors Bureau/Competitor Group Racing Contract

RESOLUTION NO. 9242

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING ADDITIONAL MARKETING ACTIVITIES RELATED TO PF CHANG ROCK & ROLL MARATHON UNDER THE DESTINATION MARKETING SERVICES CONTRACT WITH SCOTTSDALE CONVENTION AND VISITORS BUREAU (SCVB)

WHEREAS:

A. City and SCVB are parties to that certain Destination Marketing Services Agreement (No. 2012-053-COS) dated June 19, 2012 (the "Agreement").

B. Paragraph 3.3.4 of the Agreement provides that Additional Events can be added to the Agreement by SCVB subject to city council approval.

C. SCVB has requested that the tourism oriented event known as the 2013 P.F. Chang's Rock 'n Roll Marathon & 1/2 Marathon (the "Event") be added to the Agreement.

D. SCVB proposes that:

1. SCVB perform the Event SCVB Requirements set out in **Exhibit "A"** attached hereto (the "Event Description").

2. The event producer perform the Event Producer Requirements set out in the Event Description.

3. City perform the Event City Requirements set out in the Event Description.

E. SCVB has requested and approved adding the Event to the Agreement subject to City's approval of this resolution.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The city council approves adding the 2013 P.F. Chang's Rock 'n Roll Marathon & 1/2 Marathon to the Agreement.

PASSED AND ADOPTED by the Council of the City of Scottsdale this ____ day of _____, 2012.


ATTEST:

CITY OF SCOTTSDALE, an Arizona
municipal corporation

By _____
Carolyn Jagger, City Clerk

By _____
W. J. "Jim" Lane, Mayor

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY

By: 
Bruce Washburn, City Attorney

Attachment I

ADDITIONAL EVENT REQUEST

Pursuant to Destination Marketing Services Agreement No. 2012-053-COS dated June 19, 2012 (for fiscal years 2012/2013 through 2016/2017), SCVB requests an Additional Event as follows:

1. Date of request: Oct. 23, 2012
2. Date of proposed Additional Event: Jan. 20, 2013
3. Name of proposed Additional Event: P.F. Chang's Rock 'n' Roll Marathon & ½ Marathon
4. Description of proposed Additional Event: Approximately 26,000 runners participated in the 2012 race through Phoenix, Scottsdale and Tempe. Five miles of the marathon route will wind through downtown Scottsdale before entering Tempe for the finish.

The event is staged by Competitor Group, which works with the City of Scottsdale's special events committee, police, transportation and economic development personnel to gain the necessary City approvals to stage this event.

The benefits of the race to Scottsdale are many, including:

- Last year, nearly 9,000 runners came from outside of Arizona to participate in the race.
 - Based upon a 2011 Economic Impact Report, conducted by San Diego State University:
 - The economic impact of the 2011 race was \$59 million on the Valley.
 - Total daily expenditures by out-of-town visitors were \$17.9 million.
 - Nearly 28,000 room nights were generated by the race.
 - 89% of respondents said the race was the reason for their trip to Arizona.
 - During the past 9 years of the race, Scottsdale's hotel occupancy has been an average of 6% higher than the rest of the Valley, average daily rate is 38% higher and revenue per available room is 42% higher.
 - Competitor Group promotes Scottsdale's strongest attributes – high-end resorts and spas, along with Sonoran Desert outdoor adventures – to thousands of potential runners.
 - The mid-January timing of the event continues to fill incremental hotel/resort rooms that would otherwise go unoccupied during this need period.
5. Proposed due dates and descriptions of Event Producer Requirements for the proposed Additional Event:
 - 5.1 Feature Scottsdale CVB's name in all event advertising and promotional materials, including race brochures, t-shirts, posters and all other collateral materials.
 - 5.2 Guarantee that a Scottsdale CVB toll-free visitor number or website will be displayed on any broadband broadcast of the event and any national television broadcast, which is secured in support of the event.

- 5.3 Send a dedicated Scottsdale CVB branded email by Nov. 10 to out-of-state registered runners on the Scottsdale CVB's behalf.
- 5.4 Coordinate with the Scottsdale CVB to conduct an informational meeting each December prior to the event with official event resorts in Scottsdale and Paradise Valley.
- 5.5 Prominently feature Scottsdale CVB hotels that participate in the event room block on the travel page of the event website.
- 5.6 Grant to the Scottsdale CVB a complimentary 10' x 10' booth space at the official race expo held prior to each event.
- 5.7 Allow the Scottsdale CVB to insert promotional items or literature in the goodie bags that are distributed to all event participants and volunteers.
- 5.8 Prominently identify Scottsdale CVB as a host sponsor on the event website, including a link to the CVB's website.
- 5.9 Cause event announcers to verbally mention Scottsdale CVB a minimum of five times during event announcements.
- 5.10 Prominently feature Scottsdale CVB in event press releases and public service announcements distributed for the event.
- 5.11 Provide Scottsdale CVB with corporate entertainment and hospitality opportunities at the event, including: eight entries into the Marathon or ½ Marathon; four individual invitations to the VIP Welcome Reception; six individual invitations to the VIP/Elite Athlete Dinner; and six VIP credentials for start/finish hospitality.
- 5.12 Work closely with the Scottsdale CVB to create additional promotional opportunities for the event, including a focus on spa and wellness activities in Scottsdale.
- 5.13 Stage a minimum of three miles of the marathon route in Scottsdale at a location approved in advance by the City of Scottsdale.
- 6. Proposed due dates and descriptions of Event SCVB Requirements for the proposed Additional Event:
 - 6.1 Pay Competitor Group a cash sponsorship fee of \$90,000 in 2013.
- 7. Proposed due dates and descriptions of Event City Requirements for the proposed Additional Event:
 - 7.1 Per this proposed agreement, the City shall reimburse the CVB \$90,000, the CVB shall use its reasonable best efforts to cause the City to provide all police personnel, road closures, road closure equipment, water department services, hydrant water, emergency medical service and route clean-up services for Scottsdale's portion of the route – all at no charge to Competitor Group.

SCOTTSDALE TOURISM DEVELOPMENT COMMISSION
CITY OF SCOTTSDALE
PINNACLE CONFERENCE ROOM
7575 EAST MAIN STREET
SCOTTSDALE, ARIZONA 85251
OCTOBER 19, 2010
REGULAR MEETING
APPROVED MINUTES

PRESENT: Kate Birchler, Chairwoman
Mike Sarguine, Vice Chairman
Ace Bailey, Commissioner
Sam Fox, Commissioner
Leon Young, Commissioner (arrived at 8:28 a.m.)

ABSENT: Michael Hoffman, Commissioner
David Richard, Commissioner

STAFF: Steve Geiogamah, Tourism Development Coordinator
Rob Millar, Downtown Office
Kathy Montalvo, Economic Vitality
Harold Stewart, Economic Vitality Director (departed at 9:03 a.m.)
Kelly Ward, Assistant City Attorney (departed at 9:03 a.m.)

OTHERS PRESENT FOR ALL OR PART OF THE MEETING:

Wayne Ecton, Councilman
Rachel Sacco, SCVB
Brent DeRaad, SCVB
Valerie Vadala Homer, Scottsdale Public Art
Dr. Timothy Tyrrell, ASU professor
Margaret Bruning, Scottsdale Public Art
Rasheda Jones, Scottsdale Public Art

1. Call to Order/Roll Call

Noting that a quorum was present, Chairwoman Birchler called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:06 a.m. She welcomed Ace Bailey to the Commission.

2. Approval of Minutes

- September 21, 2010 Regular Meeting

Mr. Geiogamah clarified for Chairwoman Birchler that \$100,000 has been allocated for the Fiesta event from the new event development budget item. In response to a question from Chairwoman Birchler, Mr. Geiogamah noted that \$30,000 could go towards the maintenance of the sod as part of the Fiesta Event proposal. There has been no discussion of bed tax dollars being used for that purpose.

Vice Chairman Surguine inquired whether the Event Subcommittee met with event producers and the CVB to gather their ideas and feedback. Mr. Geiogamah responded that they have not.

VICE CHAIRMAN SURGUINE MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 21, 2010 REGULAR MEETING. COMMISSIONER FOX SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FOUR (4) TO ZERO (0). COMMISSIONER YOUNG WAS NOT YET PRESENT. COMMISSIONERS HOFFMAN AND RICHARD WERE ABSENT.

- September 29, 2010 Joint Commission Meeting

VICE CHAIRMAN SURGUINE MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 29, 2010 JOINT MEETING. COMMISSIONER FOX SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FOUR (4) TO ZERO (0). COMMISSIONER YOUNG WAS NOT YET PRESENT. COMMISSIONERS HOFFMAN AND RICHARD WERE ABSENT.

3. Manager's Report

a. Staff bed-tax collection report

Mr. Geiogamah reported that the total bed tax numbers for business activity in August, collected in September, was \$481,170. This was about 2% down from the year prior, taking into account the adjustment for the 5% increase in bed tax. The motel/hotel tax change was even. Miscellaneous retail sales tax was up 5%, and restaurants up 8%. Mr. Stewart clarified that Finance confirmed that Scottsdale is down compared to last year in terms of level of activity. The gross dollars are up only because the tax is up. Under the old rate, the revenue would have been down 10% compared to last year.

Vice Chairman Surguine inquired why staff reported the figures as they did. Mr. Stewart explained that the report ultimately would include just a gross dollar amount. Staff wanted to know whether the change was due to a real change in activity, or was the result of the bed tax being raised. Ms. Sacco suggested adding a column to show year to date numbers. Chairwoman Birchler agreed that the report was confusing and that suggestion would be an improvement.

Vice Chairman Surguine expressed some disappointment in the report from a hotel perspective, though he found encouragement in the improvements to restaurants and retail. Fall appears to be promising in terms of group business.

Commissioner Fox said this year's business for restaurants has improved over last year. The weather has been favorable. New restaurants are opening up, and the next six months will be interesting. Vice Chairman Surguine said there are no new hotel rooms, but there are a lot of new restaurants and retail. It would be interesting to see a historical comparison. Chairwoman Birchler stated that the summer months are always challenging, but retail continues to expand in Scottsdale Fashion Square. Barney's celebrated its first anniversary, as did the rest of the east wing.

Commissioner Bailey said downtown Scottsdale seems to be experiencing an energetic burst of new entrepreneurial energy. They have been generating a lot of business. In response to an inquiry from Vice Chairman Surguine, Mr. Geiogamah said Financial Services is still trying to determine how the new bed tax percentage would be reflected in bed tax collections compared to the budget.

b. Bed Tax Proforma

Mr. Geiogamah said the proforma remained largely unchanged from last month. The monthly allocation payments to the CVB has been consistent, and the payment for October would remain so as well.

c. Smith Travel Report

Mr. Geiogamah reported that occupancy year to date was up 8% for 2010. Average daily rate was down 3% year to date, while RevPar was up 4%.

d. DDC Recommendation & City Council Discussion

Mr. Stewart reported that the TDC's recommendation to support the idea of moving forward with the DDC and the various items of the work program were incorporated in the report to Council. The MSPC did not approve a recommendation at the joint meeting. They have scheduled a meeting three days before the Council meeting in which they will attempt to put together a recommendation. He noted that Mr. Heitel forwarded some information to the MSPC, which would likely be the point of some discussion. They might end up offering an alternative recommendation.

Chairwoman Birchler said she was under the impression that the two Commissions were meeting jointly to vote as one body to determine whether the motion passed or not. She inquired why the votes were handled separately, as this could have been done in separate meetings. Mr. Stewart explained that the groups were limited by their bylaws, which dictate that each group had to vote independently. The purpose of the joint meeting was to have a common conversation and then vote on a common recommendation, which would have gone to Council as a joint recommendation. Some members of the MSPC opted to discuss subjects that were not directly related to the recommendation in front of them.

Vice Chairman Surguine said the TDC was told that it would be one vote. The work done by the Subcommittee was exactly what was directed by the City Council. Some members of the MSPC clearly have a different agenda, and likely do not want to see the DDC realized. Rather than admitting that openly, they are trying to bury it in committees to keep it from coming out. All of the conversations about moving the DDC outside the MSPC are ridiculous. He said he would not have attended the meeting had he known the votes would be handled separately. It was clearly a waste of time.

Chairwoman Birchler said the way it was handled almost pitted the two commissions against each other, which was not the purpose of the discussion. Council should be clear that the TDC supports the DDC. Mr. Stewart said the existing report focuses on the TDC's recommendation because the MSPC has not made a recommendation. It

clearly indicates the TDC's support for the work that was completed in Phase II and the work program that would lead through the next phase of activity. The TDC's clear sense of purpose on the DDC was seen as an asset to the joint discussion. At least some portion of the MSPC Commissioners that did not support the recommendation were very clear about their support for the DDC concept. They simply wanted a change in the language to make their concerns clear.

Chairwoman Birchler said it was a difficult meeting to lead. She tried to respect those Commissioners who wanted to present their own agenda while keeping the discussion on track. The Subcommittee did excellent work, and she hopes that Council takes the TDC's recommendation into consideration.

e. Manager's Update

Mr. Stewart noted the upcoming release of a request for qualifications for the expansion of the Equidome. Next month, the TDC will be asked to discuss potential funding options. There is clearly enough money in the non-marketing side of the bed tax to support bonds that would pay for expansion. The National Arabian Horse Show has expressed an interest in moving their event to Scottsdale on the condition that improvements are made to the Equidome. Improvements would cost about \$33 million. An event of this magnitude would likely result in a net positive cash flow on operational expenses for WestWorld, and would trigger about \$40 million in expenditures in late October. The national show is the only show bigger than the Scottsdale Arabian Horse Show.

Councilman Ecton said the expansion is about more than just getting one big show. The Equidome would feature three different arenas that would allow functions to occur year round. It would be totally enclosed and air conditioned, making summer activities possible. The Council Subcommittee voted to bring the expansion proposal forward to Council. Vice Chairman Surguine inquired whether the other half of the bed tax would be the sole source of funding for this project. Councilman Ecton said the funding has not been determined yet. It could very well require a bond issue next year. Chairwoman Birchler said the other 50% of the funding should factor into the TDC's conversation at next month's meeting. The Commission has already discussed a number of options for how Council could utilize that money.

4. FY10/11 MEAF Legacy Program

Chairwoman Birchler noted that the TDC specifically made a motion to have the Event Subcommittee discuss the legacy event with the participation of the CVB and event producers. She expressed disappointment that the meeting was not scheduled. She said she was only made aware yesterday that the legacy events issue would be on the agenda of the City Council meeting later in the day. The current form of legacy event recognition does not satisfy the TDC because there is nothing in the presentation that talks about marketing, or how bed tax dollars would support bringing visitors into Scottsdale. To present the proposal to Council in its current form would be inappropriate. While she would support moving forward with the idea of legacy events, the TDC specifically requested a meeting to discuss the addition of more benefits.

Mr. Stewart explained that the Mayor and the City Manager requested that the item be placed on the agenda for an October meeting in order to have the designation in place so that the events would have an opportunity to use the designation in their marketing material. When staff examined the issue of benefits, the Attorney's Office identified a number of issues of concern regarding making benefits available to individual event activities. Staff preferred not to rush into a conversation until these issues were better understood. He clarified that the evening's scheduled action by City Council would only be to designate legacy events. Further conversation about benefits will be necessary.

Chairwoman Birchler said she understood the legal concerns, but was dismayed to see that the presentation makes no mention of marketing events outside Scottsdale. The TDC supports moving the program forward, but more due diligence was required before it went before Council. Mr. Stewart understood her concern, and reiterated that further discussions on benefits and additional marketing money will be necessary.

Councilman Ecton felt it likely that Council could approve the MEAF allocations without making a decision on the legacy part of the recommendation. There are concerns over the criteria for inclusion. The Celebration of Fine Arts, for example, has not requested or qualified for MEAF until recently, but suddenly they are being considered for legacy status. Russo and Steele have not been in Scottsdale for 20 years, but they contribute much.

Mr. Ward explained that the City Attorney's Office is not opposed to the program. Issues arises principally from how the legacy program would fit into the City's broader efforts to manage its right of way, signage in the right of way, and competing access to the City's website, etc. Council has established policy in the past that has depended on certain assumptions about who would get use of signage. This program would put signage in the right of way that was not contemplated by those other policies. Other interface questions also need to be addressed. Payments to private entities raise gift clause questions. The Supreme Court ruling in Phoenix's City North deal was more hostile to use of city funds for those sorts of activities than expected, and the economic development community is adjusting to that case. Scottsdale's City Charter Review Commission has also proposed tightening up the gift clause analysis for use of City funds. It was the legacy event program's interface with those principles that caused the concern, rather than the benefits themselves.

Chairwoman Birchler felt that Council should be presented with the entire package at once. She questioned whether event producers would receive any benefit from the evening's meeting if Council decided to send the proposal back to have questions answered. Vice Chairman Surguine said he saw nothing in Mr. Ward's explanation that would have prevented the Subcommittee from meeting. The main point of concern is not over banners and websites, but how to bring visitors to Scottsdale. That entire conversation could have happened without touching on the legal issues. It is not fair to expect the Chair to attend the Council meeting to discuss an issue that the TDC has not addressed in detail. Many other tourism-oriented cities allow banners. The City of Scottsdale should not allow itself to get hung up on the wrong things.

Mr. Stewart said when the City changed the sign code a few years ago the idea of allowing banners was specifically cut out. The current code does not allow it in the public right of way under any circumstances. Had the conversation on legacy events

been postponed until November, events would have built up an expectation that they would be granted legacy status when, in fact, they would not.

Chairwoman Birchler said the TDC should have been granted more than 24 hours' notice of the City Council meeting. The TDC should always receive the Council's meeting schedule. As soon as staff is aware that Council's agenda contains something that pertains to the TDC, the Commissioners should be notified so they can plan to attend. Mr. Geiogamah said that would be done. Commissioner Young said he is passionate about this issue. It offers great opportunities, but is broken in its present form. The current proposal is not well packaged for something as important as a Council meeting. If the City can find a way to show legacy events that they provide value to Scottsdale, they would be more inclined to stay here.

Mr. Stewart said Council could decide that they want legacy events but remain unsure whether the events in question are the right ones. If that happened, the TDC would have to discuss the issue in greater detail. Council has been briefed and are aware that they will not be deciding on benefits at this time. Chairwoman Birchler requested that staff email the TDC about the outcome of the meeting. Vice Chairman Surguine said he would have a problem with staff telling Council that the TDC recommends anything at this point. The Commission has not had a chance to vet this issue and come up with a recommendation. If the TDC has any viability, Council should seek their opinion.

In response to Commissioner Fox, Chairwoman Birchler noted that the TDC voted to identify the legacy events, but clarified that the motion was made with the understanding that the Subcommittee would meet again to further discuss the benefits as they pertain the legacy event recognition. Mr. Stewart agreed that the inclusion of benefits for information purposes probably just confused the issue since Council will not consider a recommendation regarding benefits for legacy events.

5. November 16, 2010, Annual Planning Work Study Session

Mr. Geiogamah presented the draft agenda for the November 16 annual planning work study session. He welcomed suggestions and thoughts. The meeting will be at the Boulders and is schedule from 9 a.m. to 2 p.m. Tara Jackson with Arizona Town Hall will facilitate. The purpose is to identify objectives for the five-year Tourism Development and Marketing Strategic Plan. Chairwoman Birchler noted that November 16 is the date for the City of Scottsdale Sterling Awards, and suggested it be rescheduled for another time in November, since this represents a conflict for several Commissioners. Mr. Geiogamah undertook to email everyone with alternative dates. Vice Chairman Surguine suggested that special events be included as a separate agenda item, given how much debate this topic generates.

6. Scottsdale Public Art

Ms. Homer stated that this year, Scottsdale Public Art (SPA) celebrates 25 years in Scottsdale. It has grown to become one of the most comprehensive and recognized programs in the nation. The economic impact of art and cultural tourism is significant. One goal of the program is to create a specifically art based event in the near future.

Since 2007, SPA has focused on creating prototype events to help make the waterfront a strong destination. The community has supported events and helped build a great art collection at the Waterfront. The Soleri Bridge and Plaza will be a true community gathering place. SPA is looking to partner with the TDC to discuss the creation of events that would attract tourists. One such event is Waterfire Providence. SPA would like to return to discuss more event ideas with the TDC. Recent art endeavors have garnered local and national news coverage. Once Soleri Bridge allows people to easily move between the north and south banks, the space will become a vital community place.

Waterfire Providence is a model example of public art serving as an economic driver. It is considered one of the top must-see events in America. In the next few years, SPA has the goal of creating a Scottsdale-centric event that would make the city a destination.

Dr. Tyrrell, Professor of Tourism and Development Management at ASU, said Waterfire Providence was developed by Barnaby Evans to bring people to downtown Providence, RI for New Year's Eve. The city had redeveloped the entire waterfront, and wanted to attract local residents to the space. Waterfire Providence is a visually intense and sensational theatrical experience. There are no fees involved, and it is open to everyone. Dr. Tyrrell displayed photographs of the installation, which has expanded over the years, and showed examples of the development that has grown around the area.

As the value of Waterfire Providence has grown, it has expanded to 26 events per year. Local universities and colleges and major corporations invest in Waterfire to aid in their recruiting efforts. The original goal was to attract residents, but tourists began coming on their own, only to be followed by the local residents. An economic study was conducted to measure the direct impact on the local economy. The event attracts a wide variety of people from across the region. The 2004 season is estimated to have attracted about 1.1 million spectators, and generated \$33 million in direct sales. A great portion of the expenditures were directly attributed to the existence of the event. Total city and state taxes amounted to about \$2.5 million. Each event costs the non-profit about \$70,000. Each dollar spent attracts about one spectator, and generates about \$1.56 in state sales and use taxes, about 19 cents in income taxes, 15 cents in lodging taxes and a small amount in food taxes.

Ms. Homer said SPA could bring Waterfire to Scottsdale, but is also looking to create a signature event that is specific to the community. Waterfire would serve as a good pilot project to demonstrate the potential of the idea. A real synergy could develop for businesses along the water in Scottsdale. In response to Vice Chairman Surguine's inquiry, Ms. Homer said SPA has been working with the CVB to develop new opportunities. It would cost about \$140,000 to bring Waterfire to Scottsdale.

7. **Proposed Competitor Group 2011 PF Chang Rock 'n' Roll Marathon Agreement**

Mr. Geiogamah said staff is recommending approving a three-year agreement with the Competitor Group and the Scottsdale Convention and Visitors Bureau for the PF Chang Rock 'n' Roll Marathon.

Mr. DeRaad presented the agreement, which is mostly identical to the agreement in place for the 2007 through 2009 races. The investment would be \$90,000 per year plus in-kind City services. The route will stay the same with about five and a half miles through Scottsdale. This is one of the top five running events in the world with approximately 32,000 competitors. This year the Competitor Group is working to promote the spa aspects of the event. The biggest benefit for Scottsdale is that they email out of state runners ahead of time encouraging them to stay in Scottsdale. In the last few years they have averaged about 6,000 room nights in Scottsdale and Paradise Valley. He noted that since Competitor Group bought the event, in the past two years they have created new events in San Antonio and Las Vegas in November and December respectively. He believes this is impacting the number of out of state competitors participating in this event. Mr. DeRaad said he anticipates they may be approached to participate at a higher level for the 2012 race, perhaps having the half marathon start in Scottsdale. If so they would need to weigh the benefits and the impact on the community.

Commissioner Bailey inquired whether the marathons in Las Vegas and San Antonio are qualifiers for the Boston Marathon, and Mr. DeRaad thought they are. Commissioner Bailey commented that being a qualifier for the Boston Marathon is one of the big attractions to the Rock 'n' Roll Marathon.

Mr. Geiogamah confirmed to Chairwoman Birchler that this is a pass through expense from the City's portion of bed tax to the Convention and Visitors Bureau budget. The City's in-kind services total approximately \$55,000 annually.

VICE CHAIRMAN SURGUINE MADE A MOTION TO RECOMMEND THAT CITY COUNCIL APPROVE THE AGREEMENT BETWEEN THE COMPETITOR GROUP, THE CITY, AND THE SCOTTSDALE CONVENTION AND VISITOR BUREAU TO SUPPORT THE PF CHANG ROCK 'N' ROLL MARATHON WITH \$90,000 IN ANNUAL FUNDING PLUS IN-KIND SERVICES FOR THE NEXT THREE YEARS. COMMISSIONER FOX SECONDED THE MOTION, WHICH CARRIED BY A VOTE OF FIVE (5) TO ZERO (0). COMMISSIONERS HOFFMAN AND RICHARD WERE ABSENT.

8. **FY09/10 Scottsdale Convention and Visitors Bureau Contract Year-End Performance Measures Report**

Chairwoman Birchler proposed that this item be tabled for a future meeting.

9. FY10/11 SCVB First Quarter Performance Measures Report

Chairwoman Birchler proposed that this item be tabled for a future meeting.

10. Scottsdale CVB Fiesta Event RFP

Mr. DeRaad said the Bureau has been working for several months to try and bring ESPN into downtown Scottsdale to broadcast the week before the BCS National Championship game. ESPN has committed to broadcast from South Bridge, exactly as they did for the 2008 Super Bowl from Monday, January 3 through Friday, January 7, 2011. Two one-hour segments will be broadcast each day. They need a few hundred people to show enthusiasm and activity. This provides a great opportunity for hotel occupancy, so the Bureau has issued an RFP for a community festival. Three responses were received and a subcommittee has selected the proposal from M Culinary Concepts and Sports One. He described the proposal to attract people with a tailgate party. Over the weekend the Fiesta will be a free community event welcoming people to Downtown Scottsdale. It will close at 8:00 p.m. so that people can continue on to dinner and night life. The aim is to attract both local residents and out of town visitors. He reminded the Commission that they have a 20-year agreement in place with Fiesta Bowl and the Fiesta will be promoted as an official Fiesta Bowl event. Fiesta Bowl will work with the SCVB in the team markets to promote these events.

Vice Chairman Surguine congratulated the SCVB on keeping this event in Scottsdale. The direct economic impact is great, but getting that much air time early in January is almost immeasurable. Commissioner Bailey added that many downtown businesses are on board with this too and starting to plan events themselves. Mr. DeRaad said the SCVB would distribute information for local businesses. Commissioner Bailey commented that there seems to be a disconnect between that area and the Main Street and Old Town districts. Getting visitors into these areas would create synergy.

Commissioner Fox asked about laying grass on the field by the bridge. Mr. DeRaad said they have discussed putting some infrastructure on one acre of the approximately three and a half acres of the Starwood Capital Partners parcel. Sports One has committed to purchase sod for one acre of that parcel if the area can be graded and topsoil and irrigation lines provided. This would cost Sports One roughly \$25,000 to \$30,000. He estimated that the necessary preparation would be about \$18,000 to \$20,000. Commissioner Fox said the space could then be used for many other events. Mr. DeRaad said that Starwood Capital would be able to stage many more events there once that land has grass on it. Commissioner Fox said this is a great parcel that can be used in numerous ways and encouraged them to explore this further. He suggested that other businesses in the area may be interested in participating in order to make better active use of the space.

Chairwoman Birchler inquired if this can be agendized for action, since this needs immediate attention. Mr. Geiogamah undertook to place it on the agenda for November. Mr. DeRaad clarified that Mr. Bret Sassenburg of Starwood Capital only wants one acre of this parcel to be sodded, although the original proposal was for a slightly larger area. Staff will present updated figures for the Commission to consider in November.

Ms. Sacco said the area will not be sodded unless there is a commitment for its maintenance. In order to secure the deal, she said the SCVB is prepared to step up and make that commitment, but since that is not the Bureau's core competency their hope is that the City would fund it through the event fund.

In response to a question from Commissioner Young, Mr. DeRaad said a drainage report would be required if more than one acre on the parcel were to be sodded, which is quite costly. Vice Chairman Surguine suggested if the drainage report is a City requirement perhaps this could be waived. Commissioner Young said if that is the only reason not to sod the entire area, this idea is at least worth looking at. The parcel is likely to sit unused for a while and laying grass would minimize dust.

Chairwoman Birchler said this should be part of the next discussion in November. Mr. Rob Millar of the Downtown Office said he met with Planning Department staff. The drainage report is a County requirement and the state also has some involvement. It would depend on whether Mr. Sassenburg wants to obtain the drainage report. He said the City can revisit this question to see if there are any ways to get around this. Commissioner Fox said more grass would be better.

11. Identification of Future Agenda Items

Commissioner Fox inquired whether a regular meeting would be held at the time of the work planning study session. Chairwoman Birchler said there may not be a quorum. They might need to agendize any action items for the first part of the meeting.

12. Public Comment

There were no public comments.

13. Adjournment

The meeting adjourned at 9:52 a.m.

Respectfully submitted,
A/V Tronics, Inc. DBA AVTranz.

Hospitality and Promotional Agreement

Scottsdale Convention & Visitors Bureau and Competitor Group, Inc.

THIS AGREEMENT is made and entered into this 17th day of November, 2010, by and between the Scottsdale Convention & Visitors Bureau, Inc., an Arizona non-profit corporation ("SCVB"), and Competitor Group, Inc., a California corporation ("Competitor Group").

WITNESSETH

A. Competitor Group and the Scottsdale community have had a seven-year, mutually beneficial relationship. Thousands of people affiliated with Competitor Group, including charity groups, sponsors, individual runners and their traveling parties, have stayed in Scottsdale and Paradise Valley hotels and resorts during the first seven years (January 2004 – 10) of the P.F. Chang's Rock 'n' Roll Arizona Marathon & ½ Marathon.

B. SCVB and Competitor Group desire to enter into a three-year Agreement, commencing on the date first above stated, whereby P.F. Chang's Rock 'n' Roll Arizona Marathon & ½ Marathon groups, sponsors, runners and their traveling parties stay in Scottsdale and Paradise Valley hotels and resorts during their stays as part of the 2011 – 13 events. Competitor Group will use its best efforts to contract with a minimum of five (5) Scottsdale hotels and resorts to serve as headquarters host hotels or resorts of the 2011 – 13 events. Competitor Group will provide SCVB with pick-up report information from Scottsdale and Paradise Valley hotels and resorts, along with survey results from runners who participate in the events, to help the SCVB determine the economic benefits for Scottsdale from the 2011 – 13 events. This information will be delivered to the SCVB by April 1 annually following each of the three events.

C. This agreement is intended to benefit SCVB and the City of Scottsdale, an Arizona municipal corporation ("City") by promoting tourism in Scottsdale during the P.F. Chang's Rock 'n' Roll Arizona Marathon & ½ Marathon and at other times.

NOW THEREFORE, in consideration of the mutual promises and obligations set forth herein, the parties hereto agree as follows:

1. **PROMOTION.** Competitor Group shall do the following for the January 2011 – 13 P.F. Chang's Rock 'n' Roll Arizona Marathon & ½ Marathon:

1.1 SCVB's name, logo and/or website address will be featured in all advertising and promotional materials created for the 2011 – 13 events, including race brochures, t-shirts, posters and all other collateral materials produced for these events. SCVB may use the Official Host City and Official Sponsor designation in advertising and promotion. All promotional programs and advertisements using the P.F. Chang's Rock 'n' Roll Arizona name and/or logo must have prior approval from Competitor Group.

1.2 A SCVB toll-free visitor number or website (www.experiencescottsdale.com) is guaranteed exposure on the broadband broadcast of the event on www.Competitor.com and/or any national television broadcast which is secured in support of the event.

1.3 Competitor Group will provide one dedicated special offer email on behalf of the SCVB for the 2011, 2012 and 2013 P.F. Chang's Rock 'n' Roll Arizona Marathon & ½ Marathon. The email must provide a significant offer, value or savings and be relevant to both the Rock 'n' Roll Marathon event and the registrant. The concept/offer must be cleared with Competitor Group by August 30 in each year of this Agreement. The email cannot be used for purely promotional or sales purposes. The SCVB will provide Competitor Group with the copy for this email (maximum 50 words) and a link by October 15 in each year of this Agreement. The email will be sent within the Rock 'n' Roll Arizona Marathon email template and link to a SCVB web site jump page. The email will be sent by November 10 in each year of this Agreement to out-of-state runners registered for Rock 'n' Roll Arizona. The SCVB will have final approval on the email content before it is sent.

1.4 Competitor Group will work with SCVB to conduct an informational meeting each December prior to the three races with headquarters and official event hotels and resorts in Scottsdale and Paradise Valley. The meeting will educate participating hotels and resorts about race logistics and events, and cover Competitor Group's expectations of these properties.

1.5 SCVB hotels that participate in the room block for P.F. Chang's Rock 'n' Roll Arizona will be featured on the travel page of the event website for the 2011 – 13 events.

1.6 SCVB will receive a complimentary 10' x 10' booth space at the two-day Health & Fitness Expo held prior to the 2011 – 13 events. The expo is attended by an estimated 100,000 participants, visitors, tourists, and spectators.

1.7 SCVB may insert promotional items or literature in the 35,000 "goodie bags" that are distributed annually to every participant and volunteer.

1.8 SCVB will be identified as a Host Sponsor on the P.F. Chang's Rock 'n' Roll Arizona website for the 2011 – 13 events. SCVB will also receive a link from that website to the SCVB's website at www.experiencescottsdale.com through the January 2013 event.

1.9 SCVB will receive verbal mentions by announcers throughout 2011 – 13 events (content to be provided by SCVB).

1.10 SCVB will be featured in select press releases and public service announcements distributed for the 2011 – 13 events.

1.11 SCVB will receive corporate entertainment and hospitality opportunities at the 2011 – 13 Marathon and Half Marathon including:

- Eight (8) entries into the Marathon or 1/2 Marathon.
- Four (4) individual invitations to the VIP Welcome Reception, a private party held for select sponsors and city officials. RSVP Required.
- Six (6) individual invitations to VIP/Elite Athlete Dinner. RSVP Required.

- Six (6) VIP credentials for Start/Finish Hospitality, includes special viewing privileges.

1.12 P.F. Chang's Rock 'n' Roll Arizona will work closely with SCVB to create additional promotional opportunities for the 2011 – 13 events, including a focus on spa and wellness activities in Scottsdale and other area communities, which Competitor Group will promote in conjunction with the three events.

2. **ROUTE**. Competitor Group agrees that a minimum of three miles of the P.F. Chang's Rock 'n' Roll Arizona Marathon route will come through City's municipal boundaries during each of the January 2011 – 13 events.
3. **COMPETITOR GROUP BENEFITS**. SCVB shall provide to Competitor Group the following benefits for the January 2011 – 13 events.

3.1 SCVB will pay Competitor Group an annual cash sponsorship fee of \$90,000 for the January 2011 – 13 events. This sponsorship fee will be revisited if the marathon or half marathon routes change in Scottsdale for the 2011, 2012 or 2013 events.

3.2 SCVB shall cause City to provide for the January 2011 – 13 events all police personnel, road closures, road closure equipment, water department services, hydrant water, emergency medical service and route clean-up services associated with the portion of the P.F. Chang's Rock 'n' Roll Arizona Marathon, which is staged within City's municipal borders, at no charge to Competitor Group.

4. **INSURANCE**. Competitor Group and SCVB will agree upon insurance policies that will be purchased by P.F. Chang's Rock 'n' Roll Arizona, Inc. to cover the event.
5. **MARATHON AND HALF-MARATHON INTERRUPTION**. Should the P.F. Chang's Rock 'n' Roll Arizona Marathon & ½ Marathon not be staged in Maricopa County, Arizona, during one or more years of this Agreement, SCVB shall not be obligated to provide Competitor Group with any of the agreed upon performance related to the event in that year. Should P.F. Chang's Rock 'n' Roll Arizona Marathon & ½ Marathon be canceled in perpetuity or permanently moved from Maricopa County, Arizona, then this Agreement shall become null and void.
6. **CITY OF SCOTTSDALE**. Notwithstanding anything in this Agreement to the contrary, City of Scottsdale is not a party to or bound by this Agreement, but SCVB and producer acknowledge and agree to the City Support Provisions attached hereto as Exhibit B.
7. **ENTIRE AGREEMENT**. This Agreement constitutes the entire understanding of the parties and supersedes all previous representations, written or oral, with respect to the services specified herein. This Agreement may not be modified or amended except by a written document, signed by authorized representatives of each party.

8. **ARIZONA LAW.** This Agreement shall be governed and interpreted according to the laws of the State of Arizona.
9. **MODIFICATIONS.** Any amendment, modification, or variation from the terms of this Agreement shall be in writing and shall be effective only after signed by each party.
10. **ASSIGNMENT.** Services covered by this Agreement shall not be assigned or sublet in whole or in part without the prior written consent of the other party.
11. **SUCCESSORS AND ASSIGNS.** This Agreement shall not be binding on SCVB should Competitor Group sell the P.F. Chang's Rock 'n' Roll Arizona Marathon & ½ Marathon to any successors or assigns, including any individual, company, partnership, or other entity with or into which Competitor Group shall merge, consolidate or be liquidated, or any person, corporation, partnership, or other entity to which Competitor Group shall sell its assets.
12. **ATTORNEY'S FEES.** In the event either party (or City) brings any action for any relief, declaratory or otherwise, arising out of this Agreement, or on account of any breach or default hereof, the prevailing party (or City) shall be entitled to receive from the other party reasonable attorney's fees and reasonable costs and expenses, determined by the court sitting without a jury, which shall be deemed to have accrued on the commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment. Should either party believe any breach or default has occurred, it shall notify the other party in writing as to the nature of the dispute. The parties will have a 30-day period, upon receipt of notice, to remedy the breach or default. An independent mediator or arbitrator, as agreed upon by both parties, shall be used, prior to either party taking legal action, to settle any such disputes.
13. **INDEPENDENT CONTRACTOR.** The relationship between SCVB and Competitor Group shall be that of independent contractors for purposes including tax law purposes and engagement law purposes and not that of employer-employee, principal-agent, partners, joint ventures, or otherwise.
14. **NOTICES.** All notices or demands required to be given pursuant to the terms of this Agreement shall be given to the other party in writing, delivered by hand or registered or certified mail, with a copy to City, at the addresses set forth below, or to such other address as the parties may substitute by written notice given in the manner prescribed by this paragraph.

In the case of Competitor Group:
Rock 'n' Roll Arizona, Inc.
9401 Waples Drive
San Diego, CA 92121

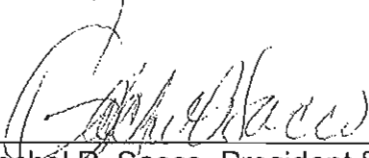
In the case of Scottsdale Convention & Visitors Bureau:
Scottsdale Convention & Visitors Bureau
4343 N. Scottsdale Road, Suite 170
Scottsdale, AZ 85251

In the case of City:
Tourism Development Manager
City of Scottsdale
4021 N. 75th Street, Suite 102
Scottsdale, AZ 85251

15. **CAPTIONS**. The captions used in this Agreement are solely for the convenience of the parties, do not constitute a part of this Agreement, and are not to be used to construe or interpret this Agreement.
16. **SEVERABILITY**. If any term or provision of this Agreement shall be found to be illegal or unenforceable, then notwithstanding such illegality or unenforceability, this Agreement shall remain in full force and effect and such term or provision shall be deemed to be deleted.
17. **AUTHORITY**. Each party hereby warrants and represents that it has full power and authority to enter into and perform this Agreement, and that the person signing on behalf of each has been properly authorized and empowered to enter into this Agreement. Each party further acknowledges that it has read this Agreement, understands it, and agrees to be bound by it.

IN WITNESS WHEREOF, SCVB and Competitor Group have hereunto subscribed their names as of the date first above stated.

SCOTTSDALE CONVENTION & VISITORS BUREAU, INC.

By: 
Rachel R. Sacco, President & CEO

COMPETITOR GROUP, INC.

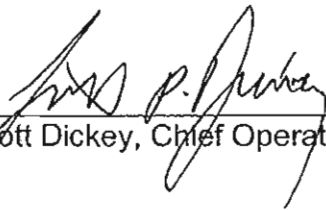
By: 
Scott Dickey, Chief Operating Officer

Exhibit A

ADDITIONAL EVENT REQUEST

Pursuant to Destination Marketing Services Agreement No. 2010-098-COS dated July 7, 2010 for fiscal years 2010 – 11 through 2011 – 12, SCVB proposes an additional event as follows:

1. Date of Proposal: October 1, 2010

2. Date of Proposed Additional Event: Sunday, January 16, 2011

3. Proposed Additional Event Name: P.F. Chang's Rock 'n' Roll Arizona Marathon & ½ Marathon

4. Proposed Additional Event Description: With more than 30,000 participants, this event is one of the world's top five running events annually. The marathon and half marathon routes will remain the same as last year for this 8th annual event, Jan. 16, 2011. Five miles of the marathon route—approximately mile 18 to 23—will wind through downtown Scottsdale before entering Tempe for the finish.

The event is staged by Competitor Group based out of San Diego. Competitor Group stages 17 Rock 'n' Roll Marathon events year-round in major U.S. cities. This number has grown considerably in recent years with new races being created in feeder cities from which the Arizona event attempts to attract runners, including: Denver (October); Los Angeles (October); San Antonio (November); and Las Vegas (December).

Competitor Group officials work annually with the City's special events committee, police, transportation and economic vitality personnel in addition to Scottsdale CVB staff to gain the necessary approvals to stage this event.

This proposed three-year contract would require a \$90,000 cash payment each year (fiscal years 2010 – 11, 2011 – 12; and 2012 – 13) to Competitor Group from the Scottsdale CVB with the CVB being reimbursed for that contract fee from the City's half of the bed tax. Historically, the CVB has contracted directly with Competitor Group because the CVB is able to use and leverage the marketing benefits provided in the agreement.

In addition to the cash payments, this agreement requires the City to provide free event services to Competitor Group. City staff estimates these costs to be approximately \$60,000 annually, including: street barricading and signage, along with creating a barricading plan; police; post-race street clean-up; emergency medical; and hydrant water for runners.

The benefits to Scottsdale include:

- Approximately 6,000 race-related room nights materialize annually in Scottsdale and Paradise Valley based on participants' survey responses.
- \$274,000 in Scottsdale sales tax, along with \$9.7 million in annual economic impact, is generated based on a 2008 economic impact race study conducted by ASU's W.P. Carey School of Business.
- For the Arizona race, Competitor Group is promoting Scottsdale's strongest attributes—high-end resorts and spas, along with Sonoran Desert hiking—to potential runners.
- Scottsdale is promoted heavily by Competitor Group as part of its year-long marketing of the event.
- The mid-January timing of the event fills incremental hotel/resort rooms that would otherwise go unoccupied.

5. Proposed Event Producer Requirements for the Proposed Additional Event: Competitor Group will do the following for all three races covered by this agreement:

5.1: Feature Scottsdale CVB's name in all event advertising and promotional materials, including race brochures, t-shirts, posters and all other collateral materials;

5.2: Guarantee that a Scottsdale CVB toll-free visitor number or website (www.experiencescottsdale.com) will be displayed on any broadband broadcast of the event and any national television broadcast, which is secured in support of the event;

5.3: Send a dedicated Scottsdale CVB branded email by Nov. 10 in each year of the agreement to out-of-state registered runners on the Scottsdale CVB's behalf;

5.4: Coordinate with the Scottsdale CVB to conduct an informational meeting each December prior to the event with official event resorts in Scottsdale and Paradise Valley;

5.5: Prominently feature Scottsdale CVB hotels that participate in the event room block on the travel page of the event website;

5.6: Grant to the Scottsdale CVB a complimentary 10' x 10' booth space at the official race expo held prior to each event;

5.7: Allow the Scottsdale CVB to insert promotional items or literature in the goodie bags that are distributed to all event participants and volunteers;

5.8: Prominently identify Scottsdale CVB as a host sponsor on the event website, including a link to the CVB's website;

5.9: Cause event announcers to verbally mention Scottsdale CVB a minimum of five times each year during event announcements;

5.10: Prominently feature Scottsdale CVB in event press releases and public service announcements distributed for the event;

5.11: Provide Scottsdale CVB with corporate entertainment and hospitality opportunities at the event including: eight entries into the Marathon or ½ Marathon; four individual invitations to the VIP Welcome Reception; six individual invitations to the annual VIP/Elite Athlete Dinner; and six VIP credentials for start/finish hospitality;

5.12: Work closely with the Scottsdale CVB to create additional promotional opportunities for the event, including a focus on spa and wellness activities in Scottsdale;

5.13: Stage a minimum of three miles of the marathon route in Scottsdale at a location approved in advance by the City of Scottsdale;

6. Proposed Event SCVB Requirements for the Proposed Additional Event: The Scottsdale CVB will:

6.1: Pay Competitor Group an annual cash sponsorship fee of \$90,000 in 2011-13;

7. Proposed Event City Requirements for the proposed Additional Event:

7.1: Per this proposed agreement, the CVB shall use its reasonable best efforts to cause the City to provide for each year of the event all police personnel, road closures, road closure equipment, water department services, hydrant waver, emergency medical service and route clean-up services for Scottsdale's portion of the route—all at no charge to Competitor Group.

Exhibit B
City Support Provisions

1. **City Not a Party.** City of Scottsdale, an Arizona corporation ("City") is not a party to this Agreement between SCVB and the event producer ("Producer"). But, City is a third party beneficiary of this Agreement. Without limitation any amendment to this Agreement shall require City's prior written consent.
2. **Legal Limits.** Any and all payments or performances by City contemplated in relation to this Agreement shall be subject to all applicable Federal, state and municipal finance, budgeting, appropriations and other laws, rules, regulations and policies and shall be subject to any and all additional limitations set out in SCVB's contracts with City and the city council resolutions or other official acts authorizing or funding such contracts, all of which are public records available for inspection at www.scottsdaleaz.gov or available at City's offices through City's normal public records inspection procedures.
3. **City Contract with SCVB.** Any payment or performance by City related to the event or this Agreement shall only be pursuant to a separate contract between City and SCVB. Producer is not a third party beneficiary of any such contract, or any other rights or obligations between City and SCVB.
4. **Conflicts.** If there is any conflict between this exhibit and the remainder of this Agreement (or any other expectation or understanding that SCVB or Producer may have), then this exhibit controls.
5. **Authority.** No person (whether an employee of SCVB or City, or any other person) has authority to waive or vary these provisions.
6. **Indemnity.** Producer and SCVB shall indemnify, defend and hold harmless City from and against injury, loss, death or other claim related in any way to the event, their agreement or any performance, non-performance or other act or omission related thereto by themselves or others. Producer shall cause City to be an additional Insured on all liability insurance policies related to the event.
7. **Compliance with E-Verify.** The parties shall comply with immigration laws as follows:
 - 7.1 The Parties understand and acknowledge the applicability to them of the Americans with Disabilities Act, the Immigration Reform and Control Act of 1986 and the Drug Free Workplace Act of 1989. Both parties agree to comply with these laws in performing this Agreement and to permit each other to verify compliance. SCVB will include the terms of this provision in all contracts and subcontracts for work performed under this Agreement, including supervision and oversight.
 - 7.2 Under the provisions of A.R.S. 41-4401, each party warrants to the other and to City that it will comply with all Federal Immigration laws and regulations that relate to its employees and that the party and all its subcontractors working under the terms of the Agreement now comply with the E-Verify Program under A.R.S. 23-214(A).

7.3 A breach of this warranty will be considered a material breach of this Agreement and may subject the parties to penalties up to and including termination of this Agreement or any subcontract.

7.4 Both parties retain the legal right to inspect the papers of any employee of either party or any subcontractor who works on this Agreement to ensure that they are complying with the warranty given above.

7.5 Each party may conduct random verification of the employment records of the other and any of its subcontractors working under this Agreement to ensure compliance with this warranty. Each party agrees to indemnify, defend and hold harmless the other party for, from and against all losses and liabilities arising from any and all violations of these statutes.

7.6 Neither party will consider the other or any of its subcontractors in material breach of this Agreement if they establish that they have complied with the employment verification provisions prescribed by 8 USCA 1324(a) and (b) of the Federal Immigration and Nationality Act and the E-Verify requirements prescribed by A.R.S. 23-214(A). The "E-Verify Program" means the employment verification pilot program as jointly administered by the United States Department of Homeland Security and the Social Security Administration or any of its successor programs.

7.7 The provisions of this paragraph must be included in any contract either party enters into with any and all of its subcontractors who provide services under this Agreement or any subcontract. "Services" are defined as furnishing labor, time or effort in the State of Arizona by a political subdivision, company or subcontractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property. Both Parties will take appropriate steps to assure that all applicable subcontractors comply with the requirements of the E-Verify Program. The failure to assure compliance by all its subcontractors with the E-Verify Program may be considered a material breach of this Agreement.

8. Sudan and Iran. In accordance with A.R.S. 35-391.06 and 35-393.06, SCVB certifies that it does not have scrutinized business operations in Sudan or Iran, as defined in A.R.S. 35-391(15) and 35-393(12).

9. Knowledge. It is Producer's responsibility to become aware of the foregoing limitations, provisions and their implications.